

If a retailer obtains reimbursements for accepting discount coupons, the amount of the reimbursement must be included in gross receipts for calculating Retailers' Occupation Tax liability. See 86 Ill. Adm. Code 130.2125. (This is a GIL.)

December 20, 2004

Dear Xxxxx:

This facsimile transmission is in response to your fax dated December 15, 2004. An facsimile response is intended to direct you to the Department's regulations regarding the topic you expressed interest in. Internet responses are not binding upon the Department. We are unable to give you a definite response to specific question in the context of an Internet response. If you would like more information after reading the information we direct you to, you can request, in writing, either a General Information Letter or Private Letter Ruling. You may access information regarding the procedure to request these letters at [www.revenue.state.il.us/Laws/regs/part1200/](http://www.revenue.state.il.us/Laws/regs/part1200/). We hope the following information is helpful.

In your fax dated December 15, 2004, you have stated and made inquiry as follows:

I am purchasing a new GM Truck, I am using a Consumer Certificate for \$1000.00 to reduce the cost.

This certificate was issued by GM as a result of action from Court of Appeals of Louisiana, on a settlement of a class action suit on GM Gas Tanks.

Do I have to pay ILL sales tax on the \$1000.00 value of the certificate.

**DEPARTMENT'S RESPONSE:**

The Illinois Retailers' Occupation Tax (sales tax) is imposed upon the total gross receipts that are received by a retailer who makes a retail sale in Illinois. See 86 Ill. Adm. Code 130.101. Gross receipts from the sale of tangible personal property at retail is defined as the total selling price and includes all consideration for a sale as set out in 35 ILCS 120/1.

The Department's rules at 86 Ill. Adm. Code 130.2125 explain the taxability of discount coupons and certificates. The principles set out in Section 130.2125(b) apply to discounts irrespective of whether a piece of paper denominated as a coupon or certificate is presented and these principles should be read in conjunction with 86 Ill. Adm. Code 130.420(c).

When a retailer allows a purchaser a discount from the selling price for which the retailer receives no reimbursement from any source, the amount of such discount is not subject to tax. The amount received by the retailer in such a transaction, which is lower than the normal selling price,

would be the retailer's taxable gross receipts for that sale. If the retailer is reimbursed by any source for a discount from the normal selling price, those receipts are subject to tax.

Based on the limited information provided, it appears that GM would reimburse the vehicle dealer for the use of the certificate. If that is the case and the \$1,000 discount certificate is applied towards the purchase of a motor vehicle, the \$1,000 amount is included in the gross receipts that would be subject to tax.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk